

**A K I N G U M P
S T R A U S S H A U E R & F E L D L L P**

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Via Electronic Filing

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation
IB Docket No. 01-185

Dear Ms. Dortch:

On December 20, 2002, William Wallace, outside communications counsel of Globalstar, L.P. ("Globalstar"), and Tom W. Davidson and Phil Marchesiello, communications counsel for the Official Creditors Committee of Globalstar, met with Barry Ohlson, legal advisor to Commissioner Jonathan Adelstein. During the meeting, the Creditors discussed the material set forth in the attached presentation.

Sincerely,

/s/ Phil Marchesiello, Esq.

Phil Marchesiello, Esq.

Presentation of the
Official Creditors' Committee of Globalstar, L.P.

In Support of the Proposal of the
Federal Communications Commission
To Grant
“Ancillary Terrestrial Component” Authority
to Mobile-Satellite Service Licensees

GLOBALSTAR

- Established in 1994, Globalstar operates a 48-satellite Big LEO CDMA MSS satellite system that provides ubiquitous mobile voice and data communications worldwide.
- Globalstar's operating Big LEO system was developed and deployed using \$4.5 billion in debt and equity. The Creditors contributed \$3.5 billion of this sum.
- In addition, Globalstar holds a 2 GHz MSS license. In July 2002, Globalstar submitted a satellite construction contract to the FCC in compliance with its first 2 GHz implementation milestone.
- Globalstar entered Chapter 11 bankruptcy in February 2002 and currently remains in bankruptcy. The company is rapidly running out of funds and has been unable to raise new capital despite aggressive ongoing efforts.

The MSS industry provides a variety of unique public interest benefits.

- MSS is the only ubiquitous mobile communications technology. Terrestrial cellular networks do not provide adequate coverage outside of urban areas, large towns, and highways.
- As a result, MSS is the only communications platform capable of providing adequate mobile service to rural Americans.
- MSS is ideally suited for public safety personnel. Besides offering ubiquitous coverage, MSS does not depend on localized ground-based facilities that can be disabled or destroyed in a natural or man-made disaster. MSS phones will remain available when cellular networks are clogged or disabled.

By granting ATC authority to MSS providers, the Commission can reinvigorate the MSS industry.

- ATC will enable Globalstar to overcome the urban and indoor reception problems that plague MSS generally.
- As a result, ATC will increase Globalstar's addressable subscriber market. In turn, this will increase handset production volume and the volume of minutes carried on Globalstar's MSS system, which will result in lower handset and per-minute prices.
- In this way, ATC authority will ignite a self-reinforcing spiral of increasing subscribership and decreasing handset and per-minute pricing, which will dramatically increase the availability to Americans of the public interest benefits provided by MSS.
- ATC will accomplish these results *without requiring the assignment of any additional spectrum to MSS providers.*

The MSS industry may not survive without ATC authority.

- The financial markets are unlikely to fund the deployment of any new or second generation MSS satellite constellations unless MSS providers are granted ATC authority.
- For example, Globalstar's \$3.5 billion in debt today is worth less than \$270 million dollars. If the debt of the most technically sophisticated MSS system in operation is trading at 6% of its face value, the financial markets are not going to risk the several billion dollars necessary to launch another MSS constellation.
- As a result, the unique benefits of MSS will cease to be available to the American public at the end of the useful life of existing MSS systems.

**The FCC can ensure both the ancillary status of ATC and
that MSS providers launch bona fide satellite systems in
the future by adopting three gating requirements.**

- MSS licensees should be required to comply with applicable satellite coverage requirements prior to providing commercial ATC services to the public.
- The satellite systems of MSS licensees should be required to meet the throughput and reliability standards set forth in the licensees' applications and licenses, as amended by any modifications filed with the Commission prior to the release of an ATC order.
- All end-user consumer equipment should be capable, either directly or through the combination of a detachable component, of transmitting and receiving communications via the licensee's satellite platform.

Other gating requirements will harm the MSS industry without providing commensurate benefits to the public.

- MSS/ATC services will always be more expensive than cellular services and MSS handsets always will be larger than cellular handsets. To justify this cost to subscribers, MSS providers will have to offer sophisticated and innovative satellite services, which will require a bona fide MSS constellation.
- Opponents of ATC authority have proposed other gating requirements aimed at suppressing innovation by MSS providers and damaging the MSS business model.

The ATC proceeding is unrelated to Iridium's request for the reallocation of Big LEO MSS spectrum:

- Iridium merely is seeking to delay FCC action in the ATC proceeding with respect to the Big LEO MSS band.
- Iridium is unable to implement an ATC platform due to its selection of TDMA technology. As a result, Iridium is concerned that it will be unable to compete with Globalstar once Globalstar deploys its ATC platform.
- Iridium is hoping that if grant of ATC authority to Globalstar is delayed, Globalstar will be unable to raise additional funding.
- [See Globalstar's Iridium presentation.]

Expeditious Commission action in the ATC proceeding is vital to Globalstar.

- By the end of 2002, Globalstar will have less than \$10 million dollars of funding available to support its operations.
- Globalstar's burn rate over the past several months has been around \$4 million per month.
- Globalstar is actively negotiating with several potential sources of additional equity or debt financing. However, these negotiations are hampered by the regulatory uncertainty caused by the pending ATC proceeding. Globalstar may not be able to finalize additional financing until the ATC proceeding is resolved by the Commission.

GLOBALSTAR, L.P.



DISCUSSION POINTS RE:

IRIDIUM PETITION FOR RULEMAKING

DECEMBER 20, 2002

Globalstar

IRIDIUM PROPOSALS



Reconsider spectrum assignments in 1610-1626.5 MHz band
between CDMA and TDMA MSS systems

Assign 1610-1615.5 MHz to CDMA system (currently Globalstar)

Assign 1615.5-1626.5 MHz to TDMA system (exclusively Iridium)

Note: FCC intention was to reconsider only 1618.25-1621.35 MHz



JUSTIFICATION AND RESPONSE



Existing and future demand
for Iridium services justifies
redistribution of spectrum

Iridium’s petition provides no
factual information to justify
claimed demand

Globalstar believes it has 3X - 4X
number of subscribers

Current spectrum split
imposes technical
“constraints” on Iridium

Iridium chose its TDMA system
architecture with full awareness
of shortcomings
No factual support

Globalstar

JUSTIFICATION AND RESPONSE

Additional spectrum is needed to provide aviation safety services.

No factual support whether Iridium meets FCC and ICAO standards for aviation safety services

Additional spectrum is needed to provide service to rural areas in other countries.

Individual administrations decide CDMA/TDMA split. Plenty of capacity for rural service



JUSTIFICATION AND RESPONSE



Iridium will have difficulty putting both forward and return ATC links in 5.15 MHz

Increased 1.6 GHz bandwidth will not significantly improve Iridium's ability to provide ATC in the band

Iridium would be at a competitive disadvantage to MSS systems that can offer ATC

Consumers should not be denied ATC over MSS systems with more flexibility as a result of Iridium's choice of design

Globalstar

IMPACT ON GLOBALSTAR



Iridium claims that spectrum reassessments could be accomplished “without material harm” to Globalstar

Globalstar user terminals are hardwired with an emissions mask at 1621.35 MHz, necessary to protect Iridium users, pursuant to a 1996 agreement with Iridium on global use of 1.6 GHz band and European and ITU standards

Globalstar

IMPACT ON GLOBALSTAR

- Globalstar services and capacity are limited by the number of *paired* links
- Iridium proposal slashes paired links from nine to four (using 1.25 MHz channels)

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Globalstar

IMPACT ON GLOBALSTAR

Globalstar system (like all Big LEO systems except Iridium) was designed to use the full 1.6 GHz spectrum for uplinks and 2.4 GHz spectrum for downlinks

Radionavigation satellite systems must be protected below 1610 MHz, also restricting usage of lower CDMA channels.

In 1610.6-1613.8 MHz, radioastronomy operations still must be protected, making the lower three uplink channels not usable at certain times in certain areas. Users must be moved to upper channels.



EQUITABLE CONSIDERATIONS

- Iridium chose bidirectional use of 1.6 GHz band in order to obtain exclusive spectrum assignment and to avoid stringent protection for RNSS and RAS.
- Globalstar was designed to accommodate sharing. It was the FCC's decision to allocate shared spectrum, and it has not precluded new Big LEO CDMA applicants.

Globalstar

IRIDIUM DOES NOT NEED MORE 1.6 MHz SPECTRUM



Expansion spectrum available to Iridium through its 2 GHz MSS license

Next generation Iridium Big LEO system can be built to share 1.6 GHz band as uplink and 2.4 GHz band as downlink
Globalstar has supported sharing with properly designed CDMA and TDMA MSS systems

